

September 16, 2019

The Honorable Ajit Pai  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington, DC 200554

Dear Chairman Pai:

We write regarding the Federal Communications Commission's (FCC) legacy authorizations to Chinese state-owned telecommunications companies operating in the United States.

Earlier this year, the FCC voted unanimously to deny China Mobile USA's application for authorization under Section 214 of the Communication Act of 1934, which requires companies to obtain approval before offering telecommunications services in the United States. In its memorandum opinion and order, the FCC determined that granting the application would not serve the public interest based on the risks to our nation's national security and law enforcement interests.

In support of its decision, the FCC, consistent with longstanding practice, relied on the expertise and recommendation of a federal interagency working group known as "Team Telecom," which is composed of national security, law enforcement, and foreign and trade policy experts throughout the executive branch. These experts concluded that China Mobile was vulnerable to exploitation, influence, and control by the Chinese government and that granting an authorization would pose national security and law enforcement risks that could not be addressed by a mitigation agreement. They also raised concerns regarding China's 2017 national intelligence law that requires Chinese companies to support, provide assistance, and cooperate in China's national intelligence work, wherever in the world they operate.

Given these serious concerns, questions have been raised regarding whether and to what extent these same concerns apply to legacy authorizations granted by the FCC to other Chinese state-owned telecommunications companies currently operating in the United States, including China Telecom and China Unicom. Although China Mobile's application appears to have posed special concerns due to its size and resources, the evolving national security environment and increased knowledge of the Chinese government's role in economic and other forms of espionage suggest that effectiveness of prior mitigation measures require re-examination.

China Mobile, China Telecom and China Unicom are often referred to as the "big three" of the Chinese telecommunications industry. While these companies are equally beholden to the Chinese government, two of them continue to operate in the U.S. despite the security risks identified in China Mobile's application. These state-owned companies continue to have access

to our telephone lines, fiber optic cables, cellular networks and satellites in ways that could give it the ability to target the content of communications of Americans or their businesses and the U.S. government, including through the "hijacking" of telecommunications traffic by redirecting it through China.

Put simply, we may be currently exposing ourselves to substantial economic, national security and law enforcement risks because of past decisions by the FCC that have not been revisited despite China's continued cyber-attacks against our country. Accordingly, we request that the FCC open a proceeding to review whether its legacy Section 214 authorizations of Chinese-state owned telecommunications companies continue to serve the public interest and, if necessary, should be revoked. As part of this proceeding, we also request that the FCC continue to seek the expertise and recommendations of the relevant executive branch agencies regarding how evolving national security, law enforcement, and foreign or trade policy concerns impact their assessment of these legacy authorizations.

Thank you for your attention to this important matter.

Sincerely,



Charles E. Schumer  
United States Senator



Tom Cotton  
United States Senator

cc: The Honorable Michael O'Rielly, FCC Commissioner  
The Honorable Brendan Carr, FCC Commissioner  
The Honorable Jessica Rosenworcel, FCC Commissioner  
The Honorable Geoffrey Starks, FCC Commissioner  
The Honorable William Barr, Attorney General  
The Honorable Kevin McAleenan, Acting Secretary of Homeland Security  
The Honorable Mark Esper, Secretary of Defense  
The Honorable Mike Pompeo, Secretary of State  
The Honorable Wilbur Ross, Secretary of Commerce  
The Honorable Robert Lighthizer, United States Trade Representative  
Kelvin Droege-meier, Director, White House Office of Science and Technology Policy



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

October 30, 2019

The Honorable Charles E. Schumer  
United States Senate  
322 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Schumer:

Thank you for your letter concerning the existing authorizations held by Chinese state-owned telecommunications companies, including China Telecom USA and China Unicom Americas, currently operating in the United States. I agree that the Commission has an obligation to ensure that foreign state-owned entities providing telecommunications services in the United States do not pose a risk to our national security in an evolving national security environment. That is why the Commission under my leadership denied China Mobile USA's application earlier this year. At the same time, I directed the International Bureau to review existing authorizations held by other Chinese state-owned telecommunications companies. Please be assured that we take this issue seriously and will engage other federal agencies, as necessary, consistent with existing practices.

Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, reading "Ajit V. Pai". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

October 30, 2019

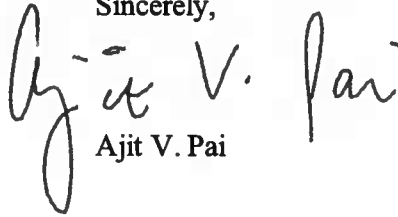
The Honorable Tom Cotton  
United States Senate  
124 Russell Senate Office Building  
Washington, DC 20510

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Ajit V. Pai